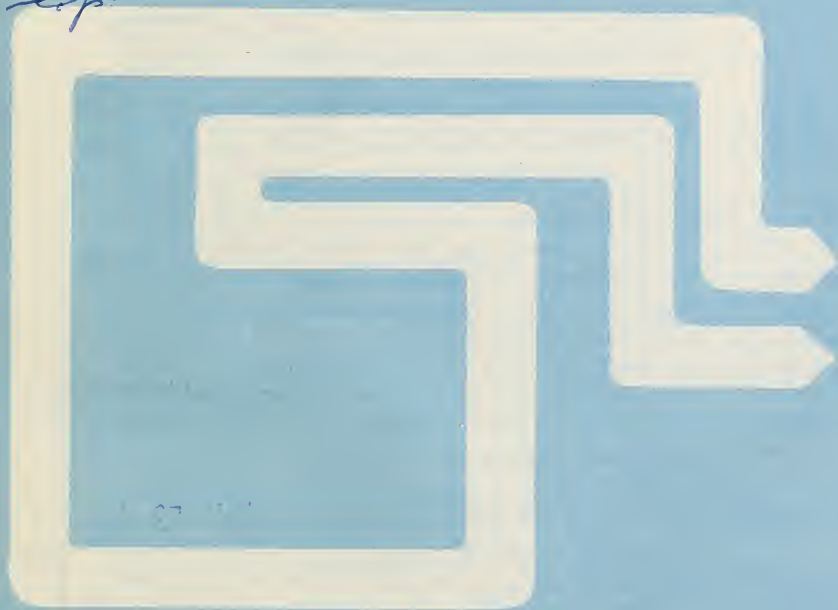


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**food  
stamp  
program**

**MANUAL  
FOR  
COMMERCIAL  
BANKS**



The Food Stamp Program is operated by the U.S. Department of Agriculture under the Food Stamp Act of 1964. Under this program, eligible households exchange an amount of money for an allotment of food coupons of higher monetary value. The coupons are used to purchase eligible foods at retail stores which have been approved to accept coupons by the Food and Nutrition Service, U.S. Department of Agriculture.

Approved retailers accepting the coupons may redeem them at face value for credit to their account or payment in cash through the facilities of commercial banks, including both members and nonmembers of the Federal Reserve System. Approved retailers may also redeem coupons through approved food wholesalers. These wholesalers subsequently redeem the coupons at the face value for credit to their account or payment in cash through the facilities of commercial banks.

Coupons are engraved documents about the size of U.S. currency and are printed by a private contractor and by the Bureau of Engraving and

Printing, U.S. Department of the Treasury. Coupons are printed in three denominations: 50-cent coupons (orange), \$2 coupons (blue), and \$5 coupons (maroon). Coupons are an obligation of the United States within the meaning of Section 8, Title 18 of the U.S. Code, "Crime and Criminal Procedures." The provisions of Title 18 relative to counterfeiting and alteration of obligations of the United States and the uttering, dealing in, etc., of counterfeit obligations of the United States apply to these coupons. All transactions involving coupons are subject to the provisions of Sections 14b and 14c of the Food Stamp Act which concern the penalties for the unauthorized use of coupons. Any such use may constitute a false claim against the United States.

This manual outlines the steps to be taken by retail food stores and wholesale food concerns in preparing coupons for deposit in commercial banks, and by the banks in accepting them and obtaining payment for them.

# PREPARING COUPONS FOR REDEMPTION

## Retail Food Stores.

1 Stamp or otherwise mark the *back of each* coupon with the name of Food Stamp Program Authorization Number of the store. An ordinary deposit endorsement stamp may be used if the

stamp includes the name or authorization number of the store.

2 Prepare and sign Form FNS-278, Food Stamp Redemption Certificate, using a #2 pencil.

3 Submit Form FNS-278 and the endorsed food coupons to a commercial bank or authorized wholesaler.

TOTAL VALUE OF COUPONS		FOR	FORM FNS-278	U.S. DEPARTMENT OF AGRICULTURE	
DOLLARS	CENTS	USDA USE ONLY	(9-73)	FOOD AND NUTRITION SERVICE	
439	00	AUTH. NO. (15-21)	<b>FOOD STAMP REDEMPTION CERTIFICATE</b>		
00000000		INSTRUCTIONS TO FIRM	COMPLETE THIS FORM WITH A #2 PENCIL		
11111111			1. Separate coupons by denomination. 2. Item (A), show value of coupons being redeemed. 3. In the red area, place a single vertical line within boxes which match numbers shown in item (A) <i>EXAMPLE</i> →   4. Item (C), enter name and address of bank or wholesaler redeeming coupons. 5. Item (D), must be completed by Firm's Representative.		
22222222		(B) FIRM		BANK STAMP	
33333333		JOHN DOE MARKET 123 MAIN STREET WASHINGTON, D.C. 20016		NAME OF BANK OR WHOLESALER Home Bank	
44444444		WASHINGTON, D.C. 20016		STREET ADDRESS 400 Oak Street	
55555555		FIRM'S AUTH. NO. → 9999999		CITY, STATE, & ZIP CODE Washington DC 20017	
66666666		(D) CERTIFICATION OF FIRM'S REPRESENTATIVE			
77777777		SIGNATURE John Doe		TITLE Owner	DATE 10-1-71
88888888		This is to certify that the food coupons submitted herewith for redemption were accepted in accordance with the Food Stamp Program Regulations.			
99999999		DO NOT FOLD, SPINDLE OR MUTILATE			

## Wholesale Food Concerns.

1 Stamp or otherwise mark the back of each coupon with the name or Food Stamp Authorization Number of the wholesaler. An

ordinary deposit endorsement stamp may be used if the stamp includes the name or authorization number of the wholesaler.

2 Prepare and sign Form FNS-253-1, Wholesaler's Food Stamp Program Redemption Certificate.

### INSTRUCTIONS TO WHOLESALERS:

(1) In presenting coupons to banks, separate coupons by denomination. (2) **BLOCK A:** Show name and address of bank redeeming or crediting coupons. (3) **BLOCK B:** Show firm's name, address, and authorization number and the date. (4) **BLOCK C:** Show value of coupons being redeemed. (5) **BLOCK D:** Be sure the certification is signed by the firm's representative and that his title is given. (6) **BLOCK E:** (On reverse) Furnish names or authorization numbers of retailers and value of coupons redeemed by each. (7) Attach certificates received from retailers. (8) If you also engage in retail business, prepare a separate Retail Merchant's Food Stamp Program Redemption Certificate (Form FNS-253) for all coupons redeemed from your retail outlet.

### (A) NAME AND ADDRESS OF BANK

HOMETOWN SAVINGS BANK

(NAME)

85 MAIN STREET

(STREET AND NO.)

HOMETOWN HT.

(CITY AND STATE)

(B)

Firm ATLAS WHOLESALERS, INC. Authorization No. HT-2-34-W

Address 23 VINE ST., HOMETOWN, HT. Date 1-28-74

(C) TOTAL VALUE OF  
COUPONS REDEEMED

→ \$ 72.50

BANK'S STAMP

### (D) CERTIFICATION

This is to certify that the food coupons submitted herewith for redemption were, in accordance with the regulations governing the Food Stamp Program, received by the above-named authorized wholesale food concern from authorized retail food stores accompanied by the attached Food Stamp Program Redemption Certificates signed by the food retailers. It is further certified that none of said coupons were knowingly accepted from any person who had no right to transfer, exchange, or negotiate said coupons under the regulations.

By

John Doe  
(SIGNATURE OF FIRM'S REPRESENTATIVE)

Title

Treasurer

FORM FNS-253-1  
(10-70)

WHOLESALER'S FOOD STAMP PROGRAM REDEMPTION CERTIFICATE

U.S. DEPARTMENT OF AGRICULTURE  
FOOD AND NUTRITION SERVICE



## ACCEPTING AND HANDLING FOOD COUPONS PRESENTED FOR REDEMPTION

1 Banks shall not knowingly accept coupons for redemption from unauthorized retail food stores, wholesale food concerns, or any other unauthorized

persons, partnerships, corporations, or other legal entities. Banks may require persons presenting coupons for redemption to exhibit their Form FNS-254, Food Stamp Program Authorization. Any unauthorized person attempting to redeem coupons should be referred to the local Food and

FORM FNS-254  
(8-71)

U.S. DEPARTMENT OF AGRICULTURE  
FOOD AND NUTRITION SERVICE



## FOOD STAMP PROGRAM AUTHORIZATION

THIS CERTIFIES that Hometown Market  
1 Main Street, Hometown, HT. 10000  
is granted authorization to accept and redeem food coupons on condition that the acceptance and redemption of all coupons shall be in accordance with the rules and regulations governing the Food Stamp Program and such revisions and amendments as may be made

AUTHORIZATION NUMBER

000303-8

Tom Brown  
REGIONAL REPRESENTATIVE, FNS, USDA

6-15-71

DATE OF APPROVAL

A change in ownership, store name or location, or the closing of the business voids this authorization and this card must be returned to the Food and Nutrition Service. For your convenience, the back of this card has been pre-addressed and no postage is required.



Nutrition Service Field Office. The bank should report any such attempt to the same office.

2 All coupons accepted for redemption from retailers must be accompanied by a properly completed and signed Form FNS-278, Food Stamp Redemption Certificate (see page 3).

Coupons accepted for redemption from wholesalers must be accompanied by a Form FNS-253-1, Wholesaler's Redemption Certificate, (see page 4) and completed Form FNS-278. The bank stamps each redemption certificate (in the space provided) at the time the coupons are accepted.

In addition, banks may arrange with customers depositing large numbers of coupons to sort them by denomination and into bundles. However, banks should not prohibit retailers and wholesalers from depositing coupons until they accumulate a specific number of coupons.

3 The first bank receiving the coupons for redemption must cancel them by indelibly stamping "Paid" or "Cancelled" together with the name of the bank or its ABA transit number *on the face of the coupons*. The coupons should not be endorsed by any bank.

4 Banks may accept a portion of a coupon consisting of at least three-fifths of a whole coupon for redemption at face value. Less than three-fifths

of a whole coupon can not be accepted for redemption. Commercial banks should return such coupons to the retailer or wholesaler and advise him to contact the local Food and Nutrition Service Field Office.

## OBTAINING PAYMENT FOR REDEEMED FOOD COUPONS.

Federal Reserve Banks acting as fiscal agents of the United States are authorized to receive coupons directly from:

- a Member banks of the Federal Reserve System.
- b Nonmember clearing banks.
- c Nonmember banks which have arranged with a Federal Reserve Bank to deposit coupons for credit to an account of a member bank on the books of the Federal Reserve Bank.

Banks in any of the above categories may forward cancelled coupons directly to Federal Reserve Banks for payment in accordance with applicable regulations of the board of Governors of the Federal Reserve System and instructions of the Federal Reserve Banks. Other banks may forward cancelled coupons through ordinary collection channels.

Disposition of Redemption Certificates by the receiving banks is as follows:

1 *Hold* the Food Stamp Program Retailer Redemption Certificates received from depositors until payment is received from the Federal Reserve Bank or correspondent bank.

2 Within 1 week after payment is received, forward the Retailer Redemption Certificates (Forms FNS-278) to:

Food Stamp Control Unit  
ASCS Commodity Office  
U.S. Department of Agriculture  
3930 West 65th Street  
Minneapolis, Minnesota 55435

*NOTE:* Special care must be taken in handling the Retailer Redemption Certificates to avoid folding, spindling, or mutilating them. They must not be stapled or paper clipped together when they are sent to the above address. This care is necessary to allow the use of an optical scanning system in tabulating the certificates.

3 Within 1 week after payment is received, forward the green Wholesaler Redemption Certificates (Forms FNS-253-1) to the local Food and Nutrition Service Field Office.

Banks may forward cancelled coupons via fourth-class mail (parcel post), provided that the Food Stamp Program Authorization Number or the name of the retail food store or wholesale food concern is stamped on the coupon rather than

handwritten. Written or typed transmittal letters may be included with fourth-class coupon shipments provided that their content complies with the Postal Service's definition of an invoice (Sections 135.522 and 135.61 of the Postal Service Manual). If adding machine tapes are included, sufficient postage to cover the weight of the tapes must be affixed, and the package marked to indicate first-class mail inside.

Shipments under fourth-class mail may be expedited through the special handling procedure of the U.S. Postal Service.

## REPORTING LOST OR DAMAGED COUPON SHIPMENTS.

The Food and Nutrition Service shall be liable for losses of shipments of cancelled coupons while in transit to Federal Reserve or correspondent banks provided that:

- 1 The transmitting bank used due diligence and care in making the shipment, and
- 2 The bank is unable to recover the loss from the carrier, and
- 3 There is evidence, in the event of a partial loss, that the package was tampered with or damaged in transit.

*NOTE:* Coupons are not considered to be in transit while in the custody and care of the

transmitting bank, the Federal Reserve Bank, or of the correspondent bank, or any of their employees.

When cancelled coupons are lost or damaged in transit to Federal Reserve or correspondent banks, the commercial bank must make a prompt written report of the loss or damage to the Post Office or other carrier.

The bank must also submit the following documents to the local Food and Nutrition Service Field Office in support of any claims for payment for coupons lost in transit:

(1) A copy of the notification of loss to the Post Office or other carrier. If the carrier indicates that the coupons were delivered, a delivery receipt must also be submitted.

(2) An original statement of facts concerning the loss and the bank's procedures for making the shipment. This statement should specify that either all or part of the loss cannot be recovered from the carrier. If a partial recovery has been or will be made, the amount should be stated.

(3) A statement from the Federal Reserve or correspondent bank that the shipment or part of the shipment was not received. In the event of a partial loss, this statement should specify

the condition of the package when received and whether it appeared to have been tampered with or damaged in transit.

(4) All of the original redemption certificates received from the firms which relate to the shipment.

(5) A copy of the cash letter which transmitted the shipment.

Banks locating coupons which were previously claimed as lost in transit should promptly report such recoveries to the local Food and Nutrition Service Field Office. After the recovery has been reported, the cancelled coupons may be processed through ordinary redemption channels. The Food and Nutrition Service will then make any necessary claims adjustments.

*Suspected Counterfeit Food Coupons.* Report all instances of suspected counterfeit food coupons to the nearest office of the U.S. Secret Service and the local Food and Nutrition Service Field Office. Hold the coupons for examination by the Secret Service.

*Stolen Coupons Presented for Redemption.* If known stolen coupons are presented for redemption, report all such instances to the local Food and Nutrition Service Field Office. Hold the coupons until advised of disposition.

## ACCEPTING AND HANDLING FOOD COUPONS—OPTIONAL PROCEDURES

Banks and their customers can develop specific deposit procedures that best meet their mutual needs. For example, banks may arrange to have their customers precancel the coupons. Under such an arrangement, the retailer or wholesaler, in lieu of marking or stamping the back of each coupon, should cancel the face of each coupon using a stamp. The face of the stamp can not be larger than 1-1/2 inches by 2 inches and must contain the following:

- a The Food Stamp Program Authorization Number or the name of the store.
- b The word "Paid" in letters approximately 3/4 inch in height.
- c The ABA number of the bank.

In addition, banks may arrange with customers depositing large numbers of coupons to sort them by denomination and into bundles. However, banks should not prohibit retailers and wholesalers from depositing coupons until they accumulate a specific number of coupons.

# NOTES

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